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AIR MIDWEST SIGNS AGREEMENT TO ACQUIRE AIR ILLINOIS

Officials of Air Illinois, which temporarily suspended flight operations last month as a result of an intensive FAA investigation, last week signed an agreement under which the carrier would be acquired by Air Midwest of Wichita, Kan. Air Midwest announced Thursday it had "entered into a letter of intent" under which it would acquire all the outstanding stock of Air Illinois in return for an unspecified amount of Air Midwest stock. Air Illinois is a privately held company with some 166 individual stockholders, while Air Midwest is a corporation whose stock is publicly traded.

Discussions between the two management groups began only three weeks ago, but Air Midwest President Gary Adamson told *BA* the acquisition could be completed as early as April if no problems develop. The tentative agreement is conditioned upon a satisfactory audit of Air Illinois' books and approvals by Air Illinois stockholders and the Air Midwest board of directors. Air Illinois President Roger Street said he expects his shareholders to meet within the next two weeks and Air Midwest's directors are scheduled to meet Feb. 9.

As initially outlined, Air Illinois would operate as a subsidiary of the larger carrier, but with Air Midwest colors on the aircraft. The Carbondale operation will probably be renamed to identify it with Air Midwest, but a final decision on the new name has not been made. Air Midwest officials said "we will provide substantial management input to the future decisions and planning of the new subsidiary. Many support services such as accounting, training, purchasing, etc. may be consolidated." Most of Air Illinois' 270 employes, including management personnel, are expected to be retained.

Most of Air Illinois' Fleet Still Grounded

Decision by Air Illinois officials to seek a buyer for the airline was apparently triggered by problems resulting from the fatal crash of an Air Illinois HS748 last fall *(BA, Oct. 17/122)*. All 10 persons aboard were killed. After weeks of intensive investigation and monitoring of flight and maintenance operations by NTSB and FAA officials, the carrier was forced to suspend operations in December *(BA, Dec. 19/193)*. The company resumed operations with its two BAC 1-11 jets this month to Chicago, Evansville, Springfield, Cedar Rapids and Waterloo. The carrier's 135 fleet, two Jetstreams and six Twin Otters, is still on the ground. Street said the carrier has completed rewriting its Part 135 operations specifications and anticipates winning FAA approval of those specifications in time to resume small aircraft flights by Feb. 6, with resumption of full service anticipated by March 15 *(see route maps on the back of Pages 34-35)*.

While the two carriers would initially operate separate systems, officials indicated operations may eventually be integrated. The only common points served are St. Louis and Columbia, Mo. If the acquisition is completed, Air Illinois can be expected to benefit from a new identity, which would help dissipate the heavy adverse publicity that resulted from the crash and ensuing investigation.

Air Midwest officials said the acquisition would get it into Chicago, provide wider territorial coverage for its operations and generally result in a larger, stronger company. There is no commonality of equipment between the carriers, which could complicate flight operations and training if the systems are integrated, but an Air Midwest spokesman said by initially keeping the systems separate the equipment problems would

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CAB OKAYS SLOT TALKS BETWEEN COMMUTERS – Civil Aeronautics Board has granted discussion authority and antitrust immunity to those regional/commuter carriers interested in obtaining commuter slots at Kennedy, LaGuardia and O'Hare airports. The request for discussion authority was filed by the Regional Airline Association for the purpose of reaching "some form of agreement on allocating the slots that the FAA limits at the three airports through the High Density Rule." CAB said it granted RAA's request for a period of six months "in order to enable all commuters interested in serving the three airports to develop a workable, procompetitive allocation scheme." The board noted that similar discussions have proved "invaluable in formulating reasonable and necessary agreement." Any agreement reached by the carriers would be subject to CAB review.

HELICOPTER SALES TO INCREASE 18 PERCENT BY 1993 – Helicopter sales in the next 10 years will increase 18 percent to 22,500 units, an increase of 3,500 units over the previous 10-year-period, predicted Allison Gas Turbine Operations. Two-thirds of the 22,500 helicopters will go to commercial operators in North America. The forecast, which Allison makes at each year's Helicopter Association International convention, was not broken down into year-by-year performance to avoid "pin-pointing a turn-around month for the industry."

R.F. (Fritz) Harvey, Allison's director of small aircraft engine products, said the cause for confidence "is that the used helicopter market is on the move. The industry concensus about the used market is that inventories are dissipating, prices are rising, and the availability of low-time machines is decreasing by the week." Couple those factors with the general economic recovery, increased corporate profits and a "pent-up demand that must exist, and we've got to be looking at the first stirring of an awakening helicopter market," Harvey said. See Allison's charts *on the back of Pages 38 and 39.*

PAGE AVJET RELOCATES JET SALES OFFICE TO DULLES – Page Avjet Corp. has relocated the offices of its Jet Sales Division from Hangar 4 at Washington National Airport to a 3,000-square foot suite in the Gateway Building at Dulles International Airport, where Page is also the fixed-base operator. Officials said the new facilities are large enough to permit doubling the existing staff and installation of computerized inventory and research systems. D. Robert June, a 20-year veteran of Page, has been named vice president and general sales manager of the facility. He will direct all sales activities of the Jet Sales Division, which specializes in the sale and leasing of turbine-powered aircraft up through Boeing transport class airplanes. June, who is relocating to the Washington area, was most recently vice president and general manager of the Aviation Design and Modification Division.

VAN DUSEN REPORTS IMPROVED FINANCIAL RESULTS – Van Dusen Air Inc. reported sharp improvements in earnings for the three-and nine-month periods that ended Dec. 31, 1983. The company had net income of $1.2 million for the nine-month period, up 254 percent from the $342,000 reported in the same period last year. Revenues for the period were up two percent to $106.8 million. For the three-month period, net income totaled $401,000 compared with a loss of $275,000 a year earlier. Revenues rose 11 percent to $36.4 million.

Chairman and CEO G.B. Van Dusen attributed the increases to operating income gains in the Technical Services and Airport Services Divisions, plus the company's continued strict management of operating assets and expenses. "We're encouraged by the progress made in the third quarter," Van Dusen said, "particularly because the third quarter is typically our slowest three-month period."

NASA RESEARCH ON AIRCRAFT GROOVES COULD YIELD FUEL SAVINGS – Research conducted at NASA's Langley Research Center, Hampton, Va., shows that grooves as small as two-thousandths of an inch deep on the surface of an airplane may be sufficient to alter the turbulent flow of air that forms over an aircraft's surface, which could ultimately increase fuel efficiency. The barely visible V-shaped grooves, also called "riblets," were machined into flat aluminum samples and tested in wind tunnels. Experiments at Langley have shown that small "V" grooves with equal height and spacing can reduce net turbulent skin friction drag up to 10 percent, compared with ungrooved smooth surfaces.

Reducing skin friction drag has been targeted by NASA's Langley facility as a research goal in

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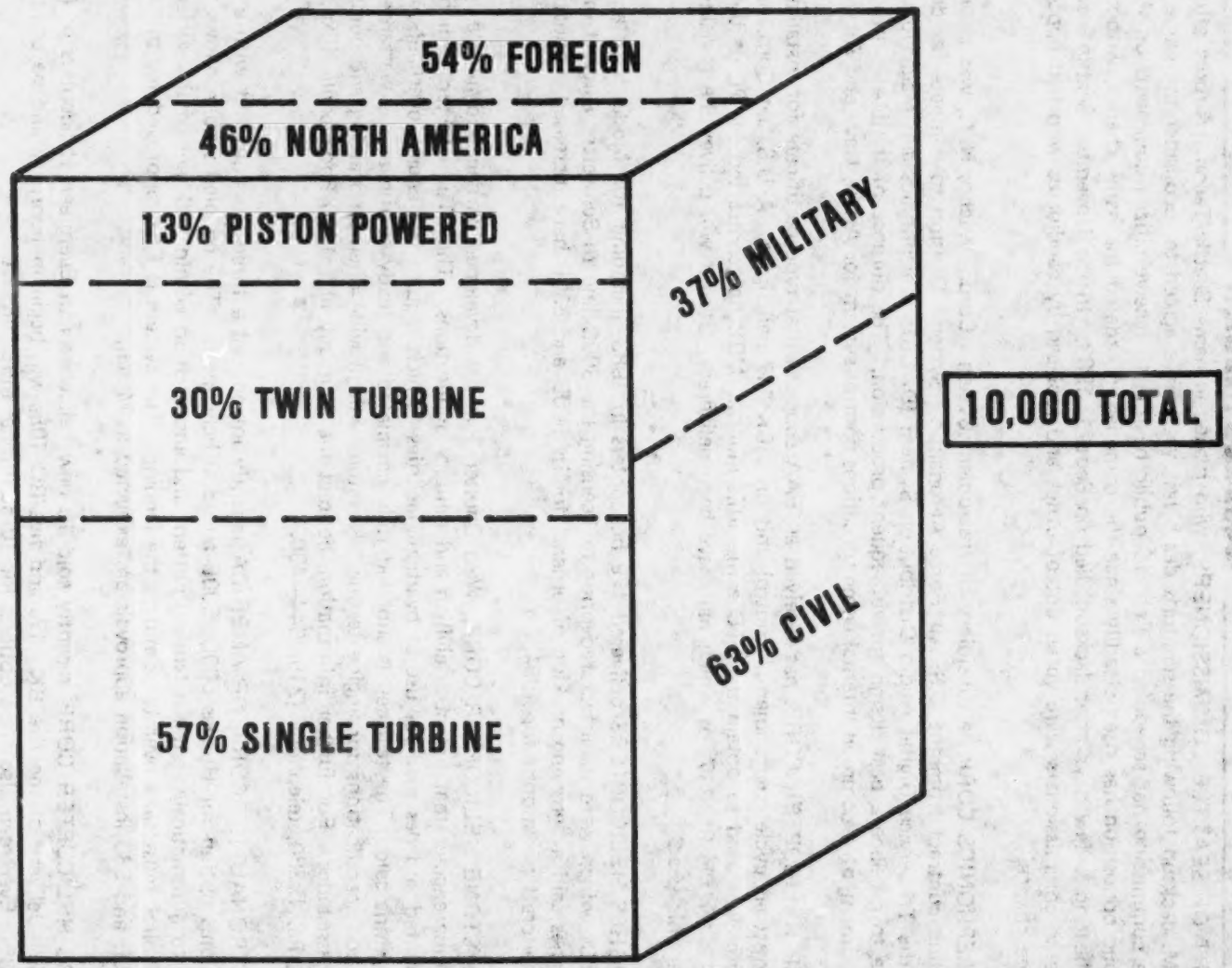
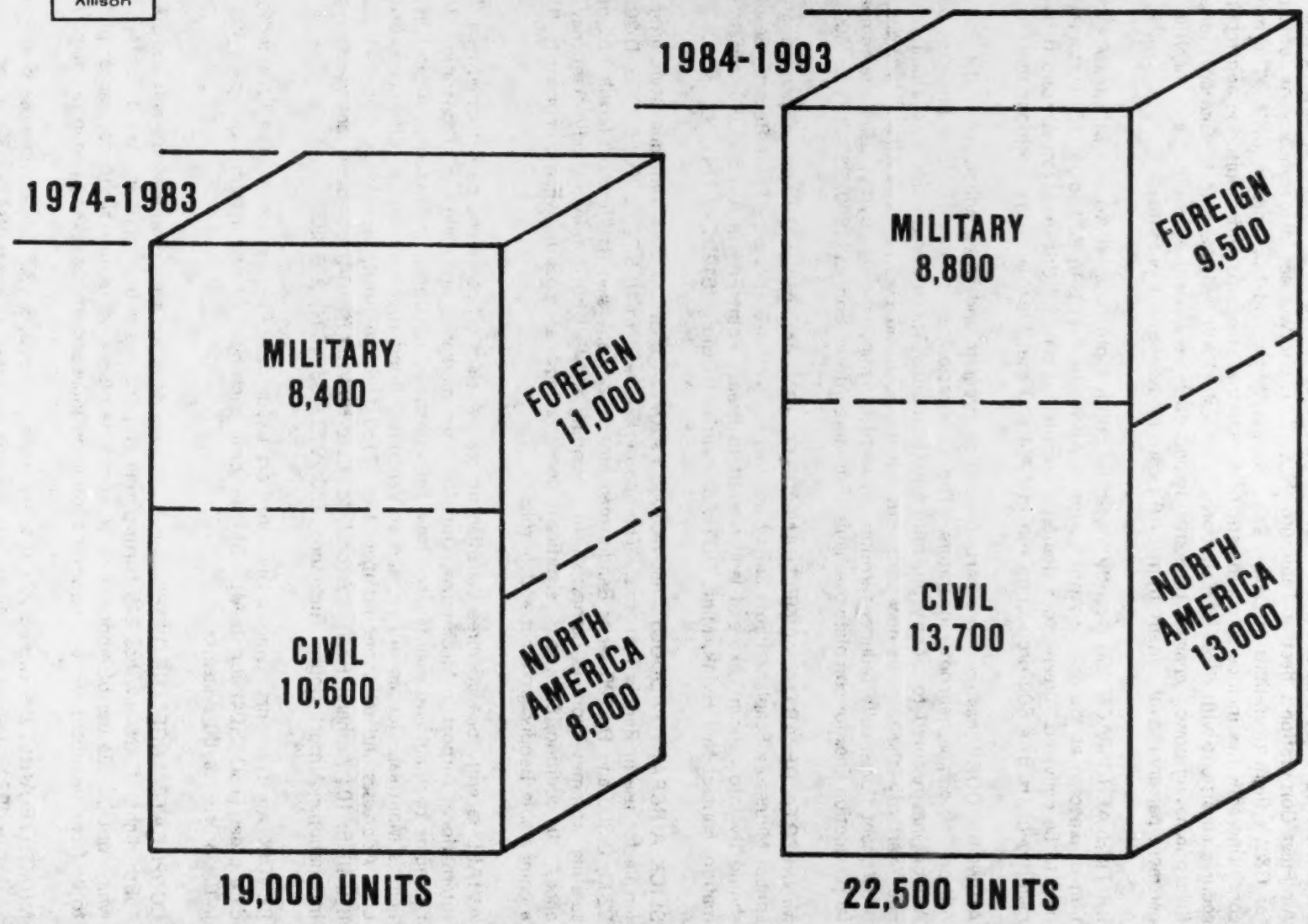
FREE WORLD HELICOPTER DELIVERIES
1978 - 1982



FREE WORLD HELICOPTER DELIVERIES



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